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November 1, 2011

Senator Mike Kowall  
Chair, Senate Economic Development Committee  
Michigan Senate  
P.O. Box 30036  
Lansing, MI 48909-7536

**RE: SB 569**  
**Testimony of Mid America Cine Support, Inc.**

Dear Senator Kowall:

Our office has the great honor and privilege of representing the interests of Mid America Cine Support, Inc., (MACSI) Michigan's largest film equipment rental house and its President, Mrs. Cheryl Larner.

Mid America Cine Support, Inc., supports SB 569, but asserts that a very critical change is required in the wording of SB 569 to prevent a manifest injustice which could severely prejudice Michigan filmmakers and filmmaking companies at the expense of large California based companies, which appear to be getting an unintended unfair advantage as SB 569 is currently worded.

**I. Brief History of Mid America Cine Support, Inc.**

MACSI is a company which for many generations has been in the business of providing rentals and sales of filmmaking, lighting equipment, camera dollies and a host of other equipment to the filmmaking industry in Michigan.

Cheryl Larner's grandfather was a founding member of the Detroit branch of the International Alliance of Theatrical Stage Employees (IATSE) incorporated in September 1989. Mid America Cine Support, Inc., is a fifth-generation operated family business.

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Mid America Cine Support, Inc., is a "poster child" for the value of the Michigan film incentives program. MACSI and the other 4,000 to 5,000 individuals who have been earning their living in the Michigan film industry are a real testament to the value and need for the continuation of the film incentives which is proposed by SB 569.

From 1989 until the mid 2000's MACSI and much of the Michigan film industry was supported by automotive industry commercials.

Due to the economic downturn in approximately 2008, the auto companies reduced their television commercial business in the State of Michigan to the point where MACSI was at risk of going into bankruptcy for lack of a filmmaking industry.

In 2007, MACSI had a total of five employees. With the advent of the Michigan film incentives, MACSI and similar companies were reinvigorated with new and healthy filmmaking projects which came to the State of Michigan and utilized the services and rental equipment of MACSI. MACSI's, business in the years 2008, 2009 and 2010 improved each year and MACSI by year 2010 had 12 Michigan residents as employees.

MACSI invested in new equipment to service the growing Michigan film industry. MACSI has supplied equipment and services to such Michigan productions as Red Dawn, Real Steel, Detroit 187, IDES of March, Freaky Deaky, Scream 4, and 5-year engagement and others.

In 2011, subsequent to Governor Snyder's announcement that the film incentives would be capped at 25 million dollars per year, MACSI's, revenue again shrunk by more than 50% relative to its 2010 business and MACSI was required to layoff three Michigan employees.

**II. Why SB 569 needs to be reworded to prevent manifest injustice to existing Michigan based filmmakers and companies.**

Section 29h.(2)(c)(iv) states as follows:

"(iv) In addition to the expenditures described in subparagraphs (i)(ii) and (iii), 5% of direct production expenditures and qualified personnel expenditures at a **Qualified Facility [Emphasis added]**. See Exhibit 1.

Section 29h.(3)(g) states as follows:

“As a separate and distinct part of the film production assistance program, the office may create a program to directly support and promote Qualified Production Facilities. See **Exhibit 1**.

Section 29h.(13)(k) states as follows:

“A ‘Qualified Facility’ means a facility within the state equipped for the production of motion pictures or television shows that meets all of the following requirements:

(i) includes more than 3 sound stages.

(ii) includes not less than 20,000 square feet of contiguous column-free space for production activities with a height of at least 16 feet under any permanent grid.

(iii) includes a permanent grid and sufficient built-in electric service for shooting without the need of portable electric generators.

(iv) has a minimum sound proof with a noise criteria of at least 30.  
See **Exhibit 2**.

Upon information and belief, the sole and only existing studio in the State of Michigan which currently would qualify as a ‘Qualified Facility’ is Raleigh Studios in Auburn Hills, Michigan. Therefore, any production shot at Raleigh Studios would be qualified for an additional 5% state incentive.

### **III. Raleigh Studios and its sister company Hollywood Rentals.**

Raleigh Studios Michigan is a member of the Raleigh Studios group which is apparently the largest independently owned studio group in the world. See **Exhibit 3**. One of Raleigh Studio’s locations is in Michigan. Mid America Cine Support, Inc., believes that Raleigh Studios is a valuable asset to the Michigan Filmmaking Industry.

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Hollywood Rentals of Los Angeles, Charlotte, Orlando and Baton Rouge is a sister company with Raleigh Studios. See the Hollywood Rentals website homepage, a copy of which is attached hereto as **Exhibit 3**.

It is the concern of Mid America Cine Support, Inc., that as written, the SB 569 language is vague enough to be interpreted that the 5% of direct production expenditures and qualified personnel expenditures at a Qualified Facility may extend to any Hollywood Rentals equipment and services which are bid by Raleigh Studios sister company, Hollywood Rentals, and somehow run through Raleigh Studios, even where the production is on location, and not actually shot in Raleigh's Studios.

With the ambiguous language currently contained within SB 569, Raleigh Studios/Hollywood Rentals may represent to a perspective production that the production can save an additional 5% by using California based Hollywood Rentals for equipment rentals. This places MACSI and all other Michigan-based film equipment rental companies at a catastrophic disadvantage. Most such productions may not even entertain a competitive bid process with Mid America Cine Support, Inc., or other Michigan based film companies if the California-based Hollywood Rentals is able to, through its subsidiary company, Raleigh Studios Michigan, obtain a 5% advantage.

**IV. This ambiguity can be easily cleared up with a minor addition or change to the language of SB 569 to ensure that long standing Michigan companies such as Mid America Cine Support, Inc., will not be forced into bankruptcy due to a non-level playing field with California based Hollywood Rentals.**

Once again, Mid America Cine Support, Inc., supports SB 569, but believes that this ambiguity could be catastrophic for the future of Mid America Cine Support, Inc., and the 4,000 to 5,000 other Michigan-based filmmakers who are trying to make their living in the Michigan film industry.

Thank you for your consideration of our testimony.

Very truly yours,

Steven M. Chait, on behalf of  
Mid America Cine Support, Inc., and  
Cheryl Larner

1 COMPANIES FOR DIRECT PRODUCTION EXPENDITURES, PERSONNEL  
2 EXPENDITURES, OR QUALIFIED PERSONNEL EXPENDITURES FOR STATE  
3 CERTIFIED QUALIFIED PRODUCTIONS.

4 (2) IF THE OFFICE RECEIVES APPLICATIONS THAT WOULD EXCEED WHAT  
5 THE OFFICE CAN AWARD IN ANY YEAR, THE OFFICE MAY PRIORITIZE THAT  
6 APPLICATION FOR FUNDING IN THE SUBSEQUENT YEAR.

7 (3) THE FILM PRODUCTION ASSISTANCE PROGRAM SHALL PROVIDE FOR  
8 ALL OF THE FOLLOWING:

9 (A) FUNDING SHALL BE PROVIDED ONLY TO REIMBURSE DIRECT  
10 PRODUCTION EXPENDITURES, PERSONNEL EXPENDITURES, OR QUALIFIED  
11 PERSONNEL EXPENDITURES.

12 (B) TO BE ELIGIBLE TO APPLY FOR FUNDING, THE ELIGIBLE  
13 PRODUCTION COMPANY SHALL HAVE DIRECT PRODUCTION EXPENDITURES OF  
14 \$50,000.00 OR MORE.

15 (C) FOR STATE CERTIFIED QUALIFIED PRODUCTION EXPENDITURES  
16 AFTER SEPTEMBER 30, 2011, AN AGREEMENT UNDER THIS SECTION SHALL  
17 PROVIDE FOR FUNDING EQUAL TO THE SUM OF THE FOLLOWING:

18 (i) QUALIFIED PERSONNEL EXPENDITURES AS FOLLOWS:

19 (A) 30% AFTER SEPTEMBER 30, 2011 AND BEFORE JANUARY 1, 2015.

20 (B) 25% AFTER DECEMBER 31, 2014.

21 (ii) 27% OF DIRECT PRODUCTION EXPENDITURES.

22 (iii) PERSONNEL EXPENDITURES AS FOLLOWS:

23 (A) 27% AFTER SEPTEMBER 30, 2011 AND BEFORE JANUARY 1, 2013.

24 (B) 22% AFTER DECEMBER 31, 2012 AND BEFORE JANUARY 1, 2014.

25 (C) 17% AFTER DECEMBER 31, 2013 AND BEFORE JANUARY 1, 2015.

26 (D) 12% AFTER DECEMBER 31, 2014.

27 (iv) IN ADDITION TO THE EXPENDITURES DESCRIBED IN SUBPARAGRAPHS

1 IMAGERY OR OTHER EFFECTS, SCORING AND MUSIC EDITING, BEGINNING AND  
2 END CREDITS, NEGATIVE CUTTING, SOUNDTRACK PRODUCTION, DUBBING,  
3 SUBTITLING, OR ADDITION OF SOUND OR VISUAL EFFECTS. POSTPRODUCTION  
4 EXPENDITURE INCLUDES DIRECT EXPENDITURES FOR ADVERTISING,  
5 MARKETING, DISTRIBUTION, OR RELATED EXPENSES.

6 (J) "PRODUCER" MEANS AN INDIVIDUAL WITHOUT REGARD TO HIS OR  
7 HER ACTUAL TITLE OR SCREEN CREDIT INVOLVED IN OR RESPONSIBLE FOR  
8 ANY OF THE FOLLOWING:

9 (i) FUNDING FOR FINANCING IN WHOLE OR IN PART, OR ARRANGING FOR  
10 THE FUNDING, OR FINANCING, OF THE QUALIFIED PRODUCTION.

11 (ii) OBTAINING THE CREATIVE RIGHTS TO OR THE INTELLECTUAL  
12 PROPERTY FOR DEVELOPMENT OR PRODUCTION OF THE QUALIFIED PRODUCTION.

13 (iii) HIRING ABOVE THE LINE PERSONNEL.

14 (iv) SUPERVISING THE OVERALL PRODUCTION OF THE QUALIFIED  
15 PRODUCTION.

16 (v) ARRANGING FOR THE DISTRIBUTION OR EXHIBITION OF THE  
17 QUALIFIED PRODUCTION.

18 (K) "QUALIFIED FACILITY" MEANS A FACILITY WITHIN THIS STATE  
19 EQUIPPED FOR THE PRODUCTION OF MOTION PICTURES OR TELEVISION SHOWS  
20 THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

21 (i) INCLUDES MORE THAN 3 SOUNDSTAGES.

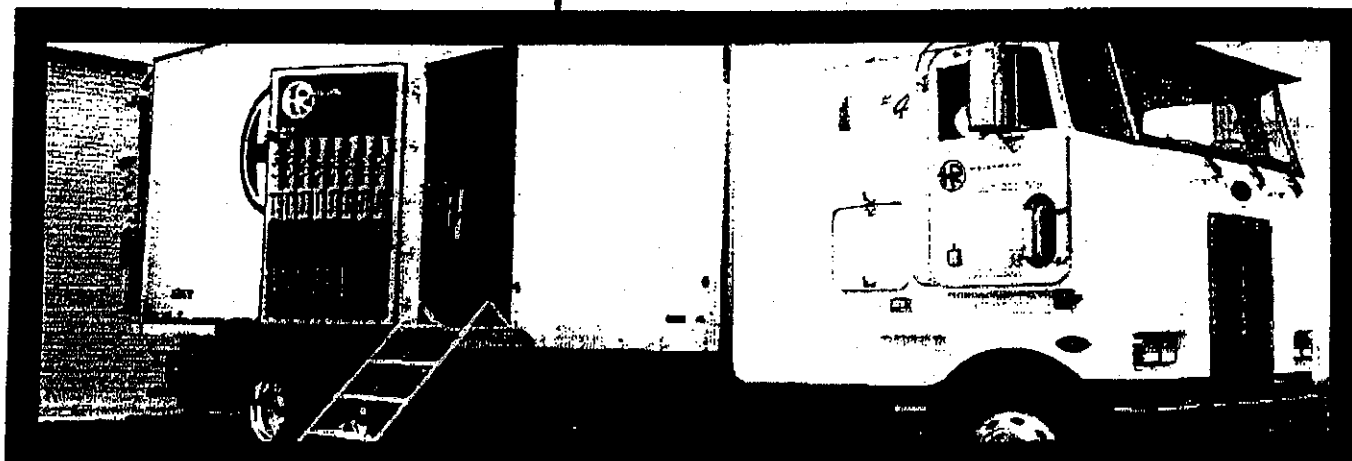
22 (ii) INCLUDES NOT LESS THAN 20,000 SQUARE FEET OF CONTIGUOUS,  
23 COLUMN-FREE SPACE FOR PRODUCTION ACTIVITIES WITH A HEIGHT OF AT  
24 LEAST 16 FEET UNDER ANY PERMANENT GRID.

25 (iii) INCLUDES A PERMANENT GRID AND SUFFICIENT BUILT-IN ELECTRIC  
26 SERVICE FOR SHOOTING WITHOUT THE NEED OF PORTABLE ELECTRIC  
27 GENERATORS.


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Hollywood Rentals – proudly serving production for over 35 years. HR, EGS, and Olesen Lighting have the most complete inventory of lighting, grip, transpo, power, theatrical and specialty equipment in North America. With Hollywood Rentals as your production partner, you have our experience and our service commitment in your corner. Before, during and after your shoot – and from servicing cutting edge lighting effects to managing tight production budgets, we've got creative solutions for your production needs. Our continuing goal is to create a loyal following, one customer at a time.

Located on a 6.5 acre campus with a 110,000 square foot facility, HR's new location was designed with you, the production professional, in mind. Ground level loading bays protect you and the gear from the elements. A complete demo room and a wi-fi enabled crew work space round out an amazing facility.

Together with our sister company, Raleigh Studios, HR provides unique production support. With almost 800,000 square feet of sound stages under its management across the country, Raleigh Studios is the largest independently owned studio group in the world. Our combined strength makes us a powerful ally in solving all of your production requirements.

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EXHIBIT 3

